

**Internal Financial Controls
for Ipswich & Diss Area Quaker Meeting
and its Linked Local Quaker Meetings and Charities**
(Charity Commission Number: 1134526)

1. Introduction

Ipswich & Diss Area Quaker Meeting (1134526) includes three linked charities as well as six Local Quaker Meetings (LMs): Bury St. Edmunds, Diss, Felixstowe, Ipswich, Leiston and Woodbridge. The linked charities are the Ipswich & Diss Area Meeting Property Charity (1134526-1), the Richard Waynforth Trust (1134526-3) and the Agnes Moss Bequest Trust (1134526-4). Ipswich & Diss Area Quaker Meeting, including its LMs and associated charities, currently operates under Schemes adopted on 29 May 2012 and 7 October 2014 and was registered with the Charity Commission on 26 February 2010.

1.1 Charitable Objectives

1.1.1 Ipswich & Diss Area Quaker Meeting and the Local Meetings

The charitable objectives of Ipswich & Diss Area Meeting (AM) and its LMs are to support “the furtherance of the religious and other charitable purposes of the Religious Society of Friends (Quakers) in the area of Ipswich and Diss meeting and beyond.”

1.1.2 Ipswich and Diss Area Meeting Property Charity

The charitable objectives of the Ipswich & Diss Area Meeting Property Charity are to support the “meeting houses and burial grounds of the Religious Society of Friends or for such other charitable purposes of the Society as the Ipswich and Diss Area Meeting may direct and the trustees may think suitable: provided that the trustees may allow persons who are not members of the society to use the meeting houses and premises and the remains of persons who were not members of the Society to be buried in the burial grounds.”

1.1.3 The Richard Waynforth Trust

The charitable objectives of the Richard Waynforth Trust are to provide “relief in need for members and attenders of the Area Meeting” through grant making. In October 2014, the Charity Commission extended the trust’s geographical coverage to include Southern East Anglia and Norfolk & Waveney Area Meetings. The relief-in-need includes paying for household bills, transport to/from Meetings for Worship, essential home refurbishment, household items and electrical appliances, mobility aids, training to get back to work, emergency travel, respite care and home help. The trust also finances attendance at Britain Yearly Meeting (BYM), Junior Yearly Meeting and Yearly Meeting Gathering for members and attenders who would otherwise find it financially difficult to attend.

1.1.4 The Agnes Moss Bequest Trust

The charitable objectives of the Agnes Moss Bequest Trust state that “the income arising from the property or from proceeds of sale of the property are to be applied for such purpose or object (within the legal definition of a charitable purpose or object) as the Area Meeting shall direct.” The property referred to is 21 St Nicholas Street in Diss. The AM has directed that the trust is to be used 1) by the AM for administration of the trust and for property maintenance and repairs of 21 St Nicholas Street and 2) by Diss LM for general purposes as well as property maintenance and repairs of Diss meeting house, burial ground and warden’s house.

1.2 Financial Profile

1.2.1 Ipswich & Diss Area Quaker Meeting

The AM's annual income is principally from contributions from the members and attenders of its six Local Quaker Meetings, Gift Aid and the hiring of facilities in its four meeting houses. Additional income is occasionally received from legacies, fundraising and grants.

The AM's support costs include wages for wardens, care taking, cleaning and gardening; utilities; property repairs and maintenance; furniture and equipment and administration. Governance costs include accountancy and legal services. Other costs include conferences, payments to other Quaker bodies and outreach and publicity.

1.2.2 Ipswich & Diss Area Meeting Property Charity

Ipswich & Diss Area Meeting Property Charity's fixed assets are four meeting houses (Bury St Edmunds, Diss, Ipswich and Leiston) and a warden's house at Diss and warden's flat at Ipswich. There are burial grounds at Bury St Edmunds, Diss and Leiston meeting houses. Former burial grounds are at Bredfield, Needham Market and Woodbridge, which is let to Woodbridge Town Council on a repairing lease for 30 years at a peppercorn rent from May 2004.

The charity also holds a permanently endowed restricted fund, the majority of which has been invested with Rathbone Greenbank (further details are in *Investment Policy for Ipswich & Diss Area Quaker Meeting*). The remainder of the restricted fund has been invested in deposit accounts with Triodos Bank and Eastern Savings and Loan. The income from these investments contributes towards the charity's annual expenditure, which consists of quinquennial surveys; buildings, contents and public liability insurance and annual recoupment payments¹.

The charity also holds two designated long-term meeting house maintenance funds: the Bury St Edmunds Long-Term Meeting House Maintenance Fund and the AM Meeting Houses Fund (further details are in *Meeting Houses Funds Policy for Ipswich & Diss Area Quaker Meeting*). Income for these funds comes from donations, Gift Aid, investments and legacies and is used for capital building maintenance and repairs. The funds are invested in deposit accounts with Triodos Bank and/or Eastern Savings and Loan.

1.2.3 Richard Waynforth Trust

The majority of this permanently endowed restricted fund has been invested with Rathbone Greenbank (further details are in *Investment Policy for Ipswich & Diss Area Quaker Meeting*) to produce an annual income for relief-in-need grant-making. The remaining funds have been invested in deposit accounts with Triodos Bank and Eastern Savings and Loan. In addition to grants, the fund incurs investment management and governance costs.

1.2.4 Agnes Moss Bequest Trust

The income for this permanently endowed restricted fund is from the commercial letting of 21 St Nicholas Street in Diss. The charity's annual expenditure can include building repairs and governance costs (e.g., legal and estate agent fees) for 21 St Nicholas Street as well as maintenance and repairs costs for Diss Meeting House, burial ground and warden's house. In addition, the trust must pay the cost of buildings and public liability insurance; utilities and council taxes, when 21 St Nicholas Street has no tenant. All cash assets have been invested in deposit accounts with Triodos Bank and Eastern Savings and Loan.

If 21 St Nicholas Street is sold, the proceeds will be invested as a permanent endowment fund with the investment income still being used by Diss LM for general purposes and maintenance and repairs of the meeting house, burial ground and warden's house.

2. Use of Internal Financial Controls

The AM trustees administer the AM, six LMs and three linked charities on behalf the AM and in accordance with its governing documents, charity law and all other applicable laws and regulations. The AM trustees also work at all times within the framework of Quaker governance.

The role of the AM trustees is described in Chapter 15 of *Quaker Faith & Practice*, the book of Christian discipline of the Yearly Meeting of the Religious Society of Friends (Quakers) in Great Britain. It is important to note passage 15.03, which states “the law may assume that authority for determining action passes to the trustees...However, under Gospel Order, the ultimate authority will still lie with the gathered meeting.” In addition, passage 15.07 says that the AM “must trust the discernment of the trustees, to whom much day-to-day decision-making may be entrusted.”

The AM trustees are appointed through the Quaker nominations process. Passage 15.10 states “those appointed to serve as trustees must be members or sojourning members of Britain Yearly Meeting. Appointments should be made by the area meeting and the dates of service recorded by minute. When seeking Friends to serve in this role, meetings should be mindful of the need to involve Friends with a variety of skills and experience. Trusteeship does involve taking care of buildings and overseeing finance, but it is far more than this: Friends’ experience of Quaker ways and general common sense are the two most valuable assets that they can bring to this role.” The Quaker nominations process is also used for the AM treasurer, assistant AM treasurer and LM treasurers.

The AM trustees use the internal financial controls in this document to:

- Comply with charity law and regulation relating to finance.
- Protect their assets.
- Administer finances and assets in a way that identifies and manages risk.
- Ensure that financial reporting is robust and of sufficient quality by keeping adequate accounting records and preparing timely and relevant financial information.
- Ensure assets are properly used, funds are spent effectively and finances are well managed.
- Record the AM’s policies on cash and cheque handling, legacies, fundraising, reimbursement of expenses, purchasing, electronic banking, wages and salaries, the use of debit cards, banking arrangements and the management of restricted and endowment funds. Separate policies or guidelines that the AM holds for financial controls are referenced in the corresponding sections of this document.

These controls are based on guidance from the Charity Commission’s *Internal Financial Controls for Charities (CC8)*, from BYM, the Yearly Meeting of the Religious Society of Friends (Quakers) in Great Britain, and from the Association of Church Accountants and Treasurers.

2.1 Ensuring the Effectiveness of Internal Finance Controls

2.1.1 Review of Controls

The AM trustees review this document annually to confirm the effectiveness of the internal financial controls and to ensure that the controls remain relevant, appropriate and are not too onerous or disproportionate.

2.1.2 Segregation of Duties

No single individual within the AM ever has sole responsibility for any single transaction from authorisation to completion and review. This holds true for the AM, the LMs and the linked charities.

The AM's segregation of financial duties is defined in *Financial Working Arrangements for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*. This document includes job descriptions, explains the use of the AM's quarterly financial data spreadsheets and Paxton Charity accounting software and provides timescales for financial activities within the AM.

2.2 Monitoring Activities

The AM's, LMs' and linked charities' financial performance is monitored against budgets, based on proper and realistic estimates of income and expenditure. Before the start of each financial year, the AM trustees agree budgets for the AM and the linked charities.

These budgets are also presented at the November AM for the agreement of Friends, in line with the Quaker business method. The Quaker business method is described in passages 2.85 to 2.92 and Chapter 3 (General counsel on church affairs) of *Quaker Faith & Practice*. In particular, passage 2.88 states "We see our meetings for church affairs not as business meetings preceded by a period of worship, but as 'meetings for worship for business'. Ideally the sacred and the secular are interwoven into one piece. Believing that all our business is brought before God for guidance we deprecate all that may foster a party spirit or confrontation. We therefore seek for a spirit of unity in all our decision making."

The AM trustees review the AM and linked charities' finance status quarterly by reviewing expected sources of income and the actual income received as well as expected versus actual expenditures. Explanations are sought for significant over or underperformance for both income and expenditure, and the trustees respond, as necessary, to balance any shortfall in income against expenditures. The AM trustees also identify the need for any designated funds and ensure the appropriate use of restricted and endowed funds.

Reserve levels are reviewed annually for the AM, the LMs and linked charities (further details are in *Reserves Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*). The AM trustees monitor investment performance by undertaking quarterly reviews of all deposit accounts and the Rathbone Greenbank portfolios for the Ipswich & Diss Area Meeting Property Charity and the Richard Waynforth Trust. The AM trustees also meet biennially with the charities' Rathbone Greenbank and Ethical Investors investment managers (further details are in the *Investment Policy for Ipswich & Diss Area Quaker Meeting*).

The full budgeting and financial review processes for the six LMs is documented in *Local Meeting Budget Guidelines for Ipswich & Diss Area Quaker Meeting*.

2.3 Internal Audit Function

The AM has two levels of internal auditing. The first is an annual internal financial audit, where the AM treasurer, assistant AM treasurer and LM treasurers review each other's accounting records by randomly checking sample receipts and expenditures, from their original source/inception to inclusion in the accounting records. When the checks are completed, a report is provided to the AM trustees, either to confirm that everything was correct or to note any deficiencies in actual records or systems. The report is then considered and acted upon by the AM trustees and attached to their minutes as a permanent record.

The second level of internal auditing determines the effectiveness of the AM's financial controls, helps the trustees identify, assess, manage and monitor risks to the AM and advises on the completeness of its risk register. This audit is conducted biennially by an AM Friend, who is deemed qualified to serve as an internal auditor, and who is nominated by the AM's nominations committee and approved by the AM. To perform the audit, the Friend uses an internal audit self-

assessment checklist, which is based on a document sourced from Mango, a UK charity that provides other charities with professional audit, consulting and financial advisory services. The AM's accountant serves as its external auditor with his focus primarily on the identification and assessment of the risk of a material error or misstatement in the published accounts as well as any weaknesses in the AM's internal controls. The trustees undertake a five-year review and tendering process for the AM's appointed auditor.

The AM does not have a finance sub-committee. All trustees have access to, and are briefed on, the AM's full financial position and performance, and they are involved in all financial decisions.

2.4 Communication of Financial Information

The finances and/or financial management of the AM and the linked charities are reviewed at every trustees meeting. These meetings are conducted using the Quaker business method. Guidance is also used from Quaker Faith & Practice's Chapters 14 (Finance) and 15 (Property and trusteeship).

Every trustees meeting agenda includes a finance section for the discussion and agreement of all financial matters and to allow trustees to raise any issues of concern. Financial information is sent to each trustee approximately a week prior to a meeting. At the trustees meetings in January, May, July and November, the following documents are reviewed:

- the latest management accounts and/or consolidated annual accounts
- a comparison of budget to actual figures
- an explanation for variances between forecasts and what actually happened
- details of cash flow and closing bank balances
- updates on the performance of investments

The AM's financial status is also reported quarterly to Friends attending the Area Meetings held in January, May, July and November. The trustees' annual report and consolidated annual accounts, which include the AM, the linked charities and all of the LMs, are presented to Friends at either the May or July AM and are published in the July AM newsletter so that the information is available to all AM Friends. The trustees' annual report and the consolidated accounts are submitted on time to BYM and the Charity Commission, where they can be accessed by the general public. The annual report and accounts are also available from the AM's web site.

2.5 Compliance with Legal Accounting Requirements

Trustees comply with their legal responsibilities for accounting and financial reporting by:

- Keeping 'sufficient' accounting records for six years to explain all transactions and to show the AM's financial position. Electronic back-up copies of accounting records are maintained.
- Preparing an annual report and consolidated accounts that meet legal requirements.
- Using a reserves policy, managing the level of reserves held and disclosing the reserves and investment policies in the trustees' annual report.
- Approving and recording their approval of the trustees annual report and consolidated annual accounts, which are also approved by AM Friends who attend the May or July AM.
- Ensuring that accounts are subjected to external scrutiny, as required by law.
- Filing the trustees' annual report, consolidated annual accounts and annual return on time with the Charity Commission.
- Meeting requests from the public for copies of the AM's annual trustees' report and accounts.

- Safeguarding the assets of the AM and ensuring proper application of resources.
- Taking steps for the prevention and detection of bribery, fraud, financial abuse and other irregularities, which are addressed in *Financial Crime and Abuse Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*.
- Providing new trustees with induction training, which includes a review of the AM's public benefit, the responsibilities of the AM trustees, the AM's latest consolidated annual accounts and report, two governing documents, latest financial management accounts and its policies for internal finance controls; financial crime and abuse; reserves; investments; Gift Aid; safeguarding; health and safety; discipline, grievances, grant making, data protection and equality. New treasurers are also offered induction training, and bi-annual meetings are held to promote team working, to ensure that treasurers are up to date on current practices and policies and to provide a forum for sharing knowledge and experience. In addition to all trustees, this document is given to LM treasurers, LM clerks, premises committees, wardens, AM's self-employed accountant and PAYE and payroll administrator and the AM clerk to ensure that they are familiar with the AM's financial controls. Friends are briefed annually at an AM on the importance of financial controls, and the document is available to Friends and the general public on the AM's web site.
- Completing Declaration for Fit and Proper Persons forms and Disclosure of Interest forms; LM treasurers also complete Declaration for Fit and Proper Persons forms.

2.6 Reducing the Risks from Financial Crime and Abuse

The AM trustees recognize that financial crimes (e.g., bribery, fraud, theft, money laundering) could result not only in the loss of AM funds but could also damage the public's trust and confidence in Ipswich & Diss AM and in Quakers more generally. The AM trustees therefore take steps to identify and reduce the risks posed to the AM from financial crime. The basic controls in place are:

- No hospitality is accepted by trustees or staff.
- A register of interests is maintained for trustees.
- The AM has two levels of internal auditing and external auditing.
- Donations are not accepted when they are deemed not to be in the best interests of the AM, LMs or linked charities, because the terms of the donation are unduly restrictive or are intended to exercise undue influence over the trustees or where the acceptance of the donation could be detrimental to the AM's reputation.

Further details are documented in *Financial Crime and Abuse Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*.

2.7 Managing the Risks from Financial Crime and Abuse

The AM trustees consider the risk of financial crime, how to manage those risks and explain to all Friends the role played by its internal finance controls in managing identified risks. The basic controls in place for managing the risks of financial crime and abuse are:

- The AM's *Financial Crime and Abuse Policy*, which includes a fraud policy, fraud response plan and whistle-blowing procedures, outlines how to report known or suspected crime or abuse and clarifies how reports of concerns will be investigated. This policy is reviewed biennially. A review can be precipitated when there is a change in legislation or Charity Commission requirements or when required by such circumstances as a change in the AM's structure, activities and area of operation or in the types of threat that the AM may face.
- The AM's *Financial Crime and Abuse Policy* is provided to all trustees, LM treasurers, LM clerks, premises committees, wardens, AM's self-employed accountant and PAYE and

payroll administrator and the AM clerk to ensure that they know what actions to take if they suspect criminal financial abuse. Friends are briefed annually at an AM on how to report their concerns about criminal financial abuse, including concerns about the conduct of trustees. The policy is also available to all Friends and the general public from the AM's web site.

- The AM and LMs confirm the identities and legitimacy of any new organisations that they work with.
- If trustees know or suspect an individual is misusing the AM for his or her own purposes or is misappropriating the AM's funds, the trustees will take immediate and appropriate action to resolve the issue.
- To safeguard financial data from the risk of theft, fraud, identity theft and loss, all treasurers are asked to comply with the AM's *Data Protection Policy* and to protect their computer systems with anti-spyware, anti-virus and firewalls.
- Incidents of serious financial crime and abuse will be reported to the police, Charity Commission and BYM.

Further details are documented in *Financial Crime and Abuse Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*.

3. Internal Financial Controls for Income

3.1 Income Received in the Post

The AM, LMs and linked charities receive some income (e.g., cheques for donations and room hire payments) hand delivered or delivered by post to the Meeting Houses and the homes of the AM and LM treasurers. The basic controls in place for income received by post are:

- The post is held as securely as possible from the time it is received until it is opened.
- The post is opened, receipts are recorded and the cheques are banked as soon as possible.
- Whenever practical, post is opened in the presence of two unrelated individuals, although usually there is no option but to allow a single treasurer or warden to open the post.
- Quarterly reconciliations of room hire payments identify any missing cheques sent by post.
- Receipts or acknowledgements are sent for all donations received by post.

3.2 Income from Committed Giving, Collection Boxes and Fundraising

The AM's primary source of income is from the committed giving of members and attenders of the six LMs. It does not benefit from donations given via collection boxes or from fundraising.

Committed giving from members and attenders, collection boxes and fundraising are all sources of income for the LMs. The LMs also raise income, as an agent, for BYM through committed giving and for other Quaker and non-Quaker charities from collection boxes and fundraising. The funds for other Quaker and non-Quaker charities are known as special collections.

The linked charities do not benefit from committed giving, collection boxes or fundraising.

3.2.1 Committed Giving

The basic controls in place for income from committed giving are:

- The LMs send committed giving letters annually to Friends to confirm how much they wish to contribute to their LMs, the AM and BYM and whether they wish to contribute by cheque, CAF, direct debit or payroll giving.
- The LMs forward all funds collected for AM and BYM (as an agent) to AM and BYM, respectively.
- All income from committed giving is recorded and analysed in the quarterly financial data spreadsheets.

3.2.2 Collection Boxes

The basic controls in place for income from collection boxes are:

- Two Friends are involved in handling and recording the money received in a collection box.
- All collection boxes are opened every week, and the contents is counted.
- Cash and cheques are banked regularly and without deduction of expenses.
- Funds collected, as an agent, for other Quaker and non-Quaker charities are sent to the charities, when the special collection is period is over. Sometimes interim payments are forwarded to the charities, before the special collection period is over.
- All collection box income for LMs and special collections is recorded and analysed separately in the quarterly financial data spreadsheets.

3.2.3 Fundraising

The basic controls in place for income from fundraising are:

- Records are maintained for each fundraising event, in sufficient detail to identify gross receipts or takings and costs incurred
- For all events for which there is ticket income or gate money, tickets all are pre-numbered, a record is kept of everyone who has been issued with tickets to sell and of the ticket numbers that have been allocated to each person, a record is kept of which tickets have been sold, all money from tickets and any unsold tickets are collected and a reconciliation is made of receipts against tickets sold.
- Funds raised, as an agent, for other Quaker and non-Quaker charities are sent to the charities when the special collection's fundraising is finished.
- All fundraising income for LMs and special collections is recorded and analysed separately in the quarterly financial data spreadsheets
- When external fundraisers are engaged, the trustees ensure compliance with the requirements of Part II of the Charities Act 1992.

3.3 Gift Aid Income

The AM reclaims Gift Aid on qualifying donations to the AM, LMs, linked charities and BYM (as agent). The basic controls in place for income from Gift Aid are:

- Proper records are maintained for all amounts reclaimed from HMRC through Gift Aid.
- A consolidated return is submitted annually for the AM, the LMs, linked charities and BYM. The return includes a claim for top-up payments of up to £1,250 annually on cash donations of £20 or less under the Gift Aid Small Donations Scheme (GASDS).
- Checks are made to ensure that Friends' Gift Aid declarations have been received and that new declarations are signed when an existing declaration is more than four years old.
- Friends are asked to notify their LM treasurer/collector of any name and/or address changes so that new Gift Aid declarations can be signed.

- Checks are made to ensure that separate Gift Aid declarations have been provided for donations made jointly by people living together.
- Friends are asked to notify their LM treasurer/collector if they need to cancel their declarations at any time and are reminded that they must cancel their declarations, if they no longer pay income tax and/or capital gains tax equal to the tax that is reclaimed annually for all of their charitable giving.
- All donations received via collection boxes are recorded, with notes for any cash donations in excess of £20, which therefore do not qualify for GASDS.
- Checks are made to ensure that all Gift Aid repayments due have been received.
- All Gift Aid income is recorded and analysed in the quarterly financial data spreadsheets.
- Gift Aid claimed by the AM and LMs, as an agent, for BYM is forwarded to BYM.

Further details are documented in *Gift Aid Guidelines for Ipswich & Diss Area Quaker Meeting*.

3.4 Legacy Income

The AM and LMs occasionally receive income from legacies. The basic controls in place for legacy income are:

- Records, including any restrictions on the use of a bequest, are maintained for all legacies.
- Legacies are recorded in accounting records and mentioned in the trustees' annual report.
- Chattels and property received are held securely, listed in the asset register, valued and sold or realised.
- Friends are provided with the appropriate wording to make their bequests to the AM, an LM or BYM via Friends Trusts Limited, which oversees the collection of the legacies and passes them on to the AM or LM. Friends Trusts Limited is the denominational trust corporation that acts as custodian trustee or nominee for the Religious Society of Friends (Quakers) in Great Britain. It is a registered charity.
- All income from legacies is recorded and analysed in the quarterly financial data spreadsheets.

Further details are available in BYM's *Legacy Booklet*. BYM also provides separate sheets to help Friends calculate the potential value of their estates and understand inheritance tax.

3.5 Tainted Charity Donations

The AM trustees are aware of the rules of, and their responsibilities towards, tax legislation on tainted charity donations, as specified in Section 27 and schedule 3 of the Finance Act 2011, which states that no donors should get relief from tax and then subsequently receive their donations back or benefit from their donations. The trustees ensure that no donation is accepted, if its main purpose, or one of its main purposes, is to provide financial advantage to the donor.

3.6 Rental Income

The LMs earn rental income from the hiring out of their Meeting House facilities, and the Agnes Moss Bequest earns rental income from the commercial letting of 21 St Nicholas Street in Diss. The basic controls in place for rental income are:

- The LM Premises Committees have set pricing policies and conditions of use for the hire of their Meeting House facilities. Any issues concerning the hiring of the facilities are addressed at an annual meeting of the trustees and convenors of the Premises Committees.
- Pricing structures are routinely reviewed by the LM Premises Committees to ensure that the hire charges are fair. Some Meeting House facilities are charged at lower rates than

competitors, as this is considered a service to local community groups who cannot afford commercial rates.

- Bury St Edmunds and Leiston LMs issue invoices for every room hire. Diss and Ipswich LMs provide invoices to hirers, when requested, as many of their hirers pay on the day and do not require invoices.
- All hiring payments are receipted.
- Hiring bookings are reconciled against hiring payments at least quarterly to identify and follow up outstanding debts.
- All rental income is recorded and analysed in the quarterly financial data spreadsheets.
- A tenancy agreement is in place for the commercial letting of 21 St Nicholas Street.

3.7 Banking and Custody Procedures

The AM, LMs and linked charities routinely receive cash and cheques for donations and room hire payments. The basic controls in place for the handling and banking of cash and cheques are:

- Cheque and cash receipts are promptly recorded.
- Cheques and cash are banked regularly.
- Cheques and cash not banked on the day of receipt are placed in a safe place.
- Funds are always banked gross, without deduction for costs or expenses.
- Insurance cover for cash in hand and in transit is in place.

3.8 Income Records

Regular checks are made to ensure that the accounting records of income for the AM, the LMs and linked charities are being accurately maintained. The basic controls in place for income records are:

- Records of cash and cheques received agree with bank paying-in slips or counter foils.
- Counter foils or paying-in slips agree with the bank statements, both in terms of amount banked and date of credit.
- Transfers or other direct bank payments are identified and verified to supporting paperwork.
- All income is recorded and analysed in the quarterly financial data spreadsheets.
- These checks are made by the AM treasurer or assistant AM treasurer, neither of whom are involved with the original recording of the transactions.

4. Internal Financial Controls for Purchases, Payments and Loans

4.1 Expenditure on Goods and Services

Goods and services are routinely purchased by the AM, the LMs and the linked charities. The basic controls in place for expenditure on goods and services are:

- Orders placed are within a spending budget that has been agreed by the AM, the AM trustees or the LMs using the Quaker business method.
- Additional spending outside agreed budgets is by the AM, the AM trustees or the LMs using the Quaker business method.
- Invoices received are checked against orders confirming the price paid and the receipt and satisfactory nature of the goods or services ordered.

4.2 Authorisation of Grants

The AM makes grants to its members and attenders through the Richard Waynforth Trust and to other Quaker and Quaker-related bodies through its LMs.

To ensure that the grants to members and attenders further the purposes of the Richard Waynforth Trust and that the funding is used by the recipients for the purposes for which it was given, all grants are made in accordance with *Grant Making Guidelines for the Richard Waynforth Trust*, which:

- sets out the conditions and any restrictions applying to grants awarded and defines the activities and projects that can be funded
- describes the procedures for the review and approval of grant applications, including confirmation that the grant applicant qualifies for relief-in-need funding
- specifies monitoring processes to ensure that grants have been used for the agreed purposes
- requires grant recipients to provide receipts when they have been awarded £500 or more

Grants made by the AM and LMs to other Quaker and Quaker-related bodies are in response to these organisations' specific appeals, rather than to them having submitted a grant application. All grants are approved by the AM and LMs at their Meetings for Business. Examples of other Quaker and Quaker-related bodies include LMs for meeting house appeals, BYM, Quaker Peace & Social Witness, Quaker United Nations Office, Quaker Housing Trust, Quaker Social Action, Woodbrooke and Glebe House. Because all of these organisations are Quaker or Quaker-related, their charitable purposes align with those of Ipswich & Diss Area Meeting and its LMs in "the furtherance of the religious and other charitable purposes of the Religious Society of Friends (Quakers)".

4.3 Payments by Cheque

Although the majority of expenditures made by the AM, the LMs and linked charities are via electronic payment, cheques do continue to be used. The basic controls in place for the use of cheques are:

- Cheque books are kept in a secure place.
- All cheques, regardless of value, require two signatures, and the payee is not a signatory.
- Bank mandates are regularly reviewed and updated to reflect signatory changes.
- Blank cheques are not signed.
- Payments are recorded on quarterly financial data spreadsheets, including details of the cheque number, nature of the payment and the payee.
- Documentation is maintained to support the validity of the payment including relevant invoices and confirmation that the goods or services have been received.

4.4 Payments by Debit Card

A debit card is used by Bury St Edmunds LM. No credit cards or charge cards are used by the AM, the other LMs or linked charities. The basic controls in place for the use of this debit card are:

- The debit card can only be used by the Bury St Edmunds LM warden or LM treasurer and only to purchase supplies and services for the Meeting House. No one else can use the debit card, and no other purchases are acceptable.
- The debit card is for a separate bank account maintained for the sole use of the Bury St Edmunds LM warden's purchases. This bank account never holds more than £500.
- The guidelines for using the debit card have been clearly communicated to the Bury St Edmunds LM warden.

- The debit card is cancelled and destroyed, if the warden ceases to work for the AM.
- The debit card expenditure must be supported by receipts and/or invoices and recorded and analysed in the quarterly financial data spreadsheets.
- Use of the debit card is reviewed quarterly by the AM and Bury St Edmunds LM treasurers.

4.5 Payments by Direct Debit, Standing Order and BACS Direct Credit

The majority of payments made by the AM, the LMs and linked charities are via direct debit, standing order and BACS direct credit. The basic controls in place for the use of direct debit, standing order and BACS direct credit are:

- Only authorised individuals are able to set up arrangements to make payments by direct debit, standing order or BACS. This authority is limited to a small number of Friends who have been appointed by the trustees or the LMs. All electronic banking payments require two users to complete a transaction.
- The AM treasurer maintains a list of the Friends authorised for each of the AM's, the LMs' and associated charities' current accounts. At least one trustee (the AM treasurer and/or the assistant AM treasurer) is an authorised signatory on all of the current accounts.
- All electronic payments are recorded and analysed in the quarterly financial data spreadsheets.
- The payments are monitored so that arrangements are cancelled when the goods or services are no longer being supplied.

4.6 Payments in Cash

Cash payments, which are only made by the Bury St Edmunds LM and Ipswich LM wardens, are kept to a minimum. No cash payments are made by the AM, the other LMs or the linked charities. The basic controls in place for cash payments are:

- The wardens make cash payments for small amounts only.
- The Ipswich LM warden only pays cash from a petty cash float, specifically kept for such payments, and not from incoming cash or by way of direct withdrawal from the bank account. The Ipswich LM warden arranges for a petty cash top up by an advance request to the LM treasurer. The LM treasurer cashes a cheque drawn on the LM's bank account, signed in accordance with the usual signing instructions, at a Co-op bank branch. The cash top up is entered in the petty cash book signed by both the warden and LM treasurer. The LM treasurer regularly checks the petty cash records and cash box, which is kept securely locked away.
- The Bury St Edmunds LM warden makes cash payments out of a petty cash float, specifically kept for such payments, and not from incoming cash. The Bury St Edmunds LM warden tops up the petty cash by using the debit card to get cashback or in a cash machine. Cash withdrawals are reviewed quarterly by the Bury St Edmunds LM treasurer.
- The wardens record details of payments and retain all receipts.
- Petty cash in hand and petty cash records and receipts are kept securely.
- Petty cash is reconciled quarterly by the Bury St Edmunds LM and Ipswich LM treasurers. All expenditure is recorded and analysed in the quarterly financial data spreadsheets.

4.7 Wages and Salaries

The AM endeavours to be a good employer; doing at least the statutory minimum, but better than that, whenever possible. All employees and prospective employees are given equal opportunities. This includes issues covered by discrimination legislation and data protection, but extends further.

4.7.1 Employed Staff

The AM employs wardens at Bury St Edmunds, Diss and Ipswich Meeting Houses and cleaners for Bury St Edmunds and Diss Meeting Houses. The basic controls in place for the wages and salaries of employed staff are:

- The Premises Committees of Bury St Edmunds, Diss and Ipswich LMs are responsible for hiring and firing staff but do so in agreement with the AM trustees. These decisions are made using the Quaker business method. All employees are asked to provide references and evidence of “The right to work in UK”. Employees must also have CRB checks, if relevant.
- Salary levels for staff are authorised and recorded by the LM Premises Committees, using the Quaker business method. The Living Wage (published annually by The Living Wage Foundation) or better is paid to staff (except under very special circumstances when requested by the employee). All staff are paid the National Minimum Wage or better.
- The LM treasurers calculate the gross pay of staff and notify the AM’s PAYE and payroll administrator accordingly. The PAYE and payroll administrator calculates net pay, tax, NI, pension contributions and other deductions, creates pay slips and informs HMRC. The records required by HMRC of PAYE deducted from the wages and salaries are maintained.
- The LMs are responsible for paying staff members and providing them their payslips. All wages and salaries are paid by BACS.
- All statutory deductions (tax and NIC) made from staff’s wages and salaries are forwarded to HMRC quarterly. Further details are in *Pay as You Earn (PAYE) Guidelines for Ipswich & Diss Area Quaker Meeting*. Pension contributions are paid to The People’s Pension monthly. Other deductions from salaries are made only when they are required or authorised.
- All end-of-year returns (P60s and P11Ds) are completed and then filed with HMRC and issued to staff by the deadline.
- The AM meets its legal obligations in relation to pension scheme arrangements. All staff are offered the chance to join the AM’s stakeholder pension scheme on the same conditions, whether the AM is legally required to enrol them or not. Every month, the AM’s PAYE and payroll administrator and the AM trustee responsible for pensions calculate if a staff member should be auto-enrolled that month, and if so, enrolls the staff member and notifies him or her of his or her rights.
- All staff are given a written contract of employment in line with the model contract provided by Quaker Life, a central department of the Religious Society of Friends (Quakers) in Great Britain. This details issues such as place of work, pay, hours of work, holidays, sickness, duration and notice periods.
- Personnel records are all held safely by the LMs’ Premises Committees and in accordance with the Data Protection Act. Wages records are held by the LM treasurers and the AM’s PAYE and payroll administrator and are held separately from the personnel records.
- Notification of starters and leavers, changes of hours and other payroll changes are properly authorised and recorded by the LMs’ Premises Committees, using the Quaker business method. All changes are also reported to the AM’s PAYE and payroll administrator, who issues P45s for staff leaving the AM’s employment.

4.7.2 Self-Employed Staff

Cleaners for Ipswich and Leiston Meeting Houses are self-employed. The AM’s accountant and PAYE and payroll administrator are also self-employed. The basic controls in place for the wages and salaries of self-employed staff are:

- The Premises Committees of Ipswich and Leiston LMs are responsible for hiring and firing self-employed cleaners but do so in agreement with the AM trustees. The self-employed accountant and self-employed PAYE and payroll administrator are hired and fired by the AM trustees. These decisions are made using the Quaker business method. Self-employed staff must also have CRB checks, if relevant.
- Rates of pay to self-employed cleaners are authorised and recorded by the LM Premises Committees, using the Quaker business method. The Living Wage (published annually by The Living Wage Foundation) or better is paid to the self-employed cleaners. The self-employed accountant and self-employed PAYE and payroll administrator work to mutually agreed work quotations.
- Self-employed staff are only paid against invoices that they have provided for their services. All of the controls that are applied to the payment of suppliers are applied to the payment of self-employed staff. Payments are made by BACS.
- All self-employed staff are reminded that they are responsible for dealing with HMRC for their personal tax and NI.
- The AM can offer self-employed staff the chance to join its pension scheme.
- All self-employed staff are given clear descriptions of their work, the quality of work expected from them and their rights.

4.7.3 Other Controls

In addition to the above internal financial controls, the AM provides the following:

- A “warden's friend”, preferably not someone on the LM's Premises Committee, is appointed for a warden to discuss his or her work with. Advice is also available from Quaker Life.
- Employed staff are given up-to-date copies of the AM's *Grievance and Discipline Procedures*. Self-employed staff are told who is managing their work and who to complain to, if they feel they have a grievance.
- Employed staff and self-employed cleaners are given up-to-date copies of the AM's *Health and Safety Policy*. The AM applies all legally required health and safety policies. All new staff are given health and safety training, and existing staff are regularly given refresher health and safety training. Where appropriate, food safety training is also provided to staff.
- Employed staff and self-employed cleaners are given copies of the AM's *Disciplinary and Capability Procedure, Equal Opportunities Policy, Safeguarding Policy and Data Protection Policy*. Wardens and AM's self-employed accountant and PAYE and payroll administrator are also given copies of this document and *Financial Crime and Abuse Policy for Ipswich & Diss Area Quaker Meeting and its Linked Local Quaker Meetings and Charities*.

4.8 Payment and Reimbursements of Expenses

The AM, the LMs and linked charities reimburse expenses for travel, business and out-of-pocket expenses, incurred on its behalf, by members, attenders and employees. The basic controls in place for the reimbursement of expenses are:

- Expenses claims are completed, and receipts are provided.
- The reimbursement process is clearly communicated to the AM's members, attenders and staff as well as to the AM and LM treasurers, who are responsible for reimbursing expenses.
- Expense claims have a self-declaration that the claim is accurate and incurred in connection with the business of the AM, the LMs or linked charities.
- Reimbursements are only made by cheque or BACS transfer.
- The mileage rates paid for car, motorcycle and bicycle travel are at the HMRC rates that do not result in a tax or national insurance liability for the AM or the Friend.

- Advance travel funding may be provided to Friends. After the travel, the AM and LM treasurers ask the Friends to provide receipts and return any unspent funds.
- A Form P11d is completed and filed with HMRC detailing expense payments and benefits received by each employee earning £8,500 or more annually.
- All reimbursed expenses are recorded in the quarterly financial data spreadsheets.

4.9 Loans

The AM does not support the use of loans or overdrafts as a source of finance for the AM, the LMs or linked charities. Any additional income required by the AM, an LM or a linked charity is raised through fundraising, grants and donations.

Historically, the AM loaned itself funds, when in the late 1980s, some land belonging to Ipswich & Diss Monthly Meeting United Charities at Tower Ramparts, Ipswich, was sold for the enlargement of the Marks & Spencer store. About £125,000 was raised. The Charity Commission gave permission for £103,000 of that money to be spent on refurbishment of the three meeting houses then in the Monthly Meeting, as follows:

Date of Scheme	Meeting House	Sum Spent	Annual Repayment
11.08.1986	Bury St Edmunds	£16,000	£144
09.03.1987	Ipswich	£30,000	£270
13.11.1987	Leiston	£57,000	£513

The authorisation to spend the funds was on condition that accounts were opened for recoument of the sums over a period of 40 years at the rate of 0.9% per annum with the Official Custodian of Charities. These repayments, totaling £927 a year, are payable until 2026/27. The value of the three accounts held with CCLA was £79,327.91 on 31 December 2015. When the capital and income become accessible in 2026/27, the capital will be added to the endowment fund of the Ipswich & Diss Area Meeting Property Charity.

4.10 Expenditure Records

Records of expenditure are maintained for the AM, the LMs and linked charities. The basic controls in place for expenditure records are:

- Records of payments (including direct debit, BACS, or standing orders) are checked quarterly to bank statements as part of the bank reconciliation processes.
- All expenditure is recorded and analysed in the quarterly financial data spreadsheets.
- Quarterly checks are made to ensure payments are supported by invoices, where applicable.
- Standing orders and direct debit payments are checked quarterly to ensure payments remain in accordance with valid instructions given to the bank.
- Expenditure from restricted funds is in line with the restrictions placed on how funds are to be used (see section 5.6).
- These checks are made by people other than the person concerned with the original recording of the transactions (i.e., the AM treasurer for the LMs and the assistant AM treasurer for the AM and the linked charities).

5. Internal Financial Controls for Assets and Investments

5.1 Functional Fixed Assets

The AM's functional fixed assets include land, buildings, fixtures and fittings and equipment. The AM trustees safeguard these assets from loss or damage and ensure their proper use by using the following basic controls:

- A financial threshold is set for the capitalisation of expenditure on fixed assets.
- A register is maintained of all purchased or donated assets and is updated annually. The register records the make, model, serial number (where applicable), any distinguishing features and estimated replacement value.
- Fixed assets are inspected at regular intervals to ensure that they remain in good repair and are being put to appropriate use. Quinquennial and tree surveys are undertaken for the AM's four Meeting Houses and the Diss Warden's House.
- The disposal or scrapping of fixed assets is agreed using the Quaker business method and recorded in accounting records and in the fixed asset register.
- Insurance cover is reviewed annually.
- All land and buildings are recorded with the Land Registry.

5.2 Investments

Reserves, restricted funds and endowed funds have been ethically invested to generate income. Income is also generated from the commercial letting of 21 St Nicholas Street in Diss. The AM trustees ensure that these investments are safeguarded by using the following basic controls:

- The AM trustees have set an investment policy, which is updated biennially, or when circumstances require, and is included in the annual report. Please see *Investment Policy for Ipswich & Diss Area Quaker Meeting*.
- All investments are made to further the AM's charitable aims and to produce a financial return. The trustees do on occasion put the AM's ethical values before profit.
- The AM trustees consider the suitability and diversification of investments, including investments in deposit accounts, to ensure that the failure of one investment or institution does not have a major impact on the AM.
- The AM trustees review all investments quarterly to assess their suitability, diversification and performance in accordance with the Trustee Act 2000. The trustees meet biennially with their Rathbone Greenbank and Ethical Investors investment managers.
- The investment property at 21 St Nicholas Street, Diss, is inspected annually to ensure adherence to tenant covenants.
- Records of all investments, including details of all those sold or purchased, are maintained.
- Trustees ensure that all dividends, rent and interest payments are received and all purchases and sales of investments are agreed and recorded using the Quaker business method. The purchase and disposal of some investments have been delegated to an external investment manager, Rathbone Greenbank, in accordance with the Trustee Act 2000.
- All dividends are recorded and analysed in the quarterly financial data spreadsheets.

5.3 Cash Held on Deposit

The AM, LMs and linked charities hold cash in ethical current accounts, deposit accounts and/or investment portfolios. Current accounts are with the Co-operative Bank. Deposit accounts are with Triodos Bank, Ecology Building Society and Eastern Savings & Loan. Cash is also held as part of the investments with CCLA and Rathbone Greenbank. The basic controls in place for the cash held on deposit are:

- Bank reconciliations are performed quarterly for all accounts and audited by either the AM treasurer or the AM assistant treasurer.
- Direct debits, standing orders and other transfers are checked quarterly.
- All bank accounts are operated in accordance with the agreement with the issuing financial institution and are not used for any money transfers for the private benefit of individuals or third parties under any circumstances.
- Bank mandates are regularly reviewed and updated to reflect signatory changes.
- A list of all bank accounts is maintained.
- The opening or closing of accounts is agreed by trustees using the Quaker business method.
- Account balances are monitored by the AM treasurer to ensure they do not exceed the £75,000 covered by the FSCS or Dutch Deposit Guarantee Scheme, where applicable.
- No third parties can open bank accounts in the AM's, LMs' or linked charities' names or use any of their bank accounts to receive or transfer money.
- Current and deposit accounts are reviewed quarterly to ensure the rates of interest are competitive for ethical investments and that the credit ratings of the AM's financial institutions are acceptable.
- All interest is recorded and analysed in the quarterly financial data spreadsheets.

5.4 Electronic Banking

The majority of the AM's, the LMs' and linked charities' banking is done electronically. The following basic controls are in place for electronic banking:

- All online banking transactions require dual authorisation, regardless of value.
- Bank mandates are regularly reviewed and updated to reflect signatory changes.
- There is clear segregation of duties, with no single person being able to control substantial resources or obtaining unauthorised access to account information.
- There is proper approval for movements between, and payments from, all bank accounts.
- After an electronic banking transaction, a print-out showing details of the transaction can be taken and stored as part of the accounting record.
- Bank statements are retained as part of the accounting records.
- All treasurers are asked to update their PCs with anti-virus, spyware and firewall software.
- All user IDs, passcodes, passwords, PINs, client IDs and security tokens are kept secure and updated as required.
- Emails received relating to bank accounts are treated with caution and no responses are made to emails or telephone calls asking for personal security details.

5.5 Non-traditional Banking Methods

The AM, LMs and linked charities do not use non-traditional banking methods, such as 'hawala' banking, 'chiti' banking, 'chop shop', 'fei-ch'ien', 'hui kun' or the transfer of funds by mobile phone.

5.6 Restricted Funds and Endowment Funds

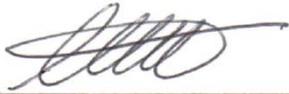
The AM trustees ensure that all restricted funds are spent only on the purposes for which they were given and that endowed funds are properly invested and any prohibition on their expenditure is observed. The following basic controls are in place for restricted funds and endowment funds:

- Restrictions or conditions placed on income received are recorded.
- Separate budgets and bank accounts are operated for restricted funds.
- If permanent endowment investments held in the fund are sold, the proceeds are reinvested and income from investments is applied in line with the terms of the endowment.
- Payments relating to the maintenance of endowment funds (e.g., investment management fees) are met from the endowed fund.

6. Conclusion

The AM adheres to good practice in relation to its finances at all times. The AM trustees feel that it is important that all Friends within the AM take the issue of internal financial controls seriously. Making controls work is not seen as just the responsibility of trustees, treasurers and staff members. The AM trustees try to set the example.

Signed:



Christina van Melzen
Trustee and Clerk of Ipswich & Diss Area Quaker Meeting Trustees

Date:

16/05/2016
