

Kathryn's Mercy Home Trust (UK)

Charity no. 1129711

Due Diligence Policy and Internal Financial Control Policy for KMH(UK) and KMHT(India)

(reviewed February 2024)



Background

Kathryn's Mercy Home Trust (UK) raises support for the educational and community development project Kathryn's Mercy Home Trust in Devakottai, Tamil Nadu, South India.

Scope of Project

Provision of secondary school student girls' hostel providing accommodation enabling students from remote villages to attend a secondary school in the town of Devakottai (Joan's Grace Home).

Fees for boy and girl students attending college and vocational training.

Nursery and primary school (Kathryn's School).

Rural Children's Development Centres.

Vocational Training for unemployed young people – sewing, craftwork, computer skills, self-help training programme – operating from Joan's Grace Home.

The project supports a care home for elderly ladies at Joan's Grace Home.

The project facilities are occasionally used to provide medical camps and eye clinics arranged for people in villages without any medical facilities.

The Project is managed by our Partner in India, Kathryn's Mercy Home Trust, registered in India in 2001 no. 075930017.

Trustees' responsibilities

The Trustees of the charity are responsible for ensuring that charitable funds donated in the UK are transferred to India and properly utilised for its legitimate purposes and reach its intended beneficiaries in accordance with guidelines laid down by the Charities Commission.

The Trustees apply due diligence and monitoring both in UK and in India to get the best possible value from the money donated.

The Trustees have an independent financial examiner for KMH(UK) accounts and receive annual audited accounts from KMHT(India).

The audited KMH(UK) accounts and KMHT(India) accounts are formally approved by the Trustees at their annual meeting.

The Trustees file the annual report and accounts and annual return on time.

The Trustees are alert to any possible fraudulent practices that could be used in KMH(UK) or KMHT(India), including the risk of money laundering and support of terrorism.

The Trustees know well:

1. **the regular donors:** and check on receipt the provenance of the funds given to the charity. They keep records of donors, who receive personal newsletters twice a year to show how their donations have been used;
2. **the beneficiaries:** the children, young people, elderly ladies and members of the community development element of the Project;
3. **their partner in India:** KMHT (India) and its officers.

The Trustees monitor the work of KMHT(India) and one or more UK trustees make regular visits to Devakottai. They receive regular monthly reports of progress with annual audited accounts from KMHT(India) and ensure by appropriate oversight and monitoring that the operations of KMHT(India) comply in all respects with all the regulations both local and national required to operate within India. They ensure that the necessary certificates of compliance with all such regulations are kept up to date and that all requirements made by the relevant authorities are complied with in every respect.

Financial practice

Section 1 – Income

The internal financial controls for income provide assurance in the ways described below that all income received is:

1. Maintained in a secure location at the charity's registered office.
2. Accurately counted and reconciled.
All unopened mail is kept in the office securely.
All cash or cheque receipts are recorded immediately on receipt.
They are recorded on an Excel spreadsheet, which is backed up regularly and reconciled monthly with bank receipts and the bank balance.
Cash receipts at fund-raising events are received by a trustee in the presence of an unrelated person and the money denominations are noted in detail on the payment counterfoil. Separate records are kept for each fund-raising event.
3. Banked in a timely manner. All cash or cheque receipts are banked within one week of receipt without deduction of expenses.
4. Accurately recorded in the charity's accounting system. All receipts are recorded as soon as possible on the Excel spreadsheet.
5. Regularly checked to ensure accounting records are accurately maintained. A copy of the Excel spreadsheet is regularly sent to all trustees for inspection.
6. The charity maximises the lawful take-up by its donors of Gift Aid by inviting them to make a Gift Aid declaration where appropriate and ensuring that there is an audit trail from the receipt of funds from the Gift Aider to the charity's bank account. Gift Aid is claimed normally twice a year. Gift Aid declarations are kept in a secure place in the charity's registered office and are cancelled if the charity is notified that the donor is no longer eligible for Gift Aid.
7. Procedures are in place to identify any unusual receipts and if necessary to investigate their origin and legitimacy.

Section 2 – Payments

The internal financial controls for expenditure provide assurance in the ways described below that:

1. All expenditure is authorised and a valid expense of the charity. Expenditure is minimal and is always discussed and agreed by trustees in advance, in accordance with agreed budgets.
2. Goods or services ordered have actually been received.
3. Expenditure is paid from funds within approved budgets and is never paid in cash.
4. Payments are made by authorised approval levels.
5. All expenditure is
 - a. supported by sufficient documentation to verify the expenditure
 - b. accurately recorded in the charity's accounting system
 - c. regularly checked to ensure accounting records are accurately maintained.
6. All grants are in accordance with a policy agreed by trustees in advance. The charity only makes grants to the Indian-registered KMHT(India) in response to requests made by them from time to time.
Payments from the charity's bank are authorised by at least two trustees and are made through a reputable financial institution (currently Moneycorp) direct to KMHT(India)'s bank account in such a way as to optimise the exchange rate applicable.
Email confirmation is sought from KMHT(India) as soon as the funds have arrived.
KMHT(India)'s annual audited accounts are inspected to ensure that the grants are shown as receipts.

7. Any reimbursement of expenses is made only when it has had prior approval by the trustees.
8. Procedures are in place to ensure that any restrictions put on the use of funds, whether by the donor or through an appeal, are observed.

Section 3 – Banking

The internal financial controls for banking provide assurance in the ways described below that:

1. Bank accounts and cash are secure.
 KMH(UK) has a single account with CAF Bank and no other, and keeps secure records of the account.
 It does not keep any cash except short term before receipts are paid into the bank.
 Two authorisations are required for internet transfers or BACS payments.
2. Bank accounts and cash are accurately accounted and reconciled. The bank account is formally reconciled with the Excel Spreadsheet on at least a monthly basis.
3. Bank accounts and cash are used solely for the charity’s stated purpose.
4. Blank cheques are never signed, and cheque books and payment cards are kept securely in the charity’s registered office.
5. Cheque or payment card expenditure is properly recorded on the Excel spreadsheet with details of cheque number, details of payment and payee.
6. All personal computers used in connection with the charity’s business are kept secure with up-to-date anti-virus and spyware software and a personal firewall.
7. Trustees are made aware of the need to ensure that the charity’s security details (including passwords and PINs) are kept secure and are not compromised.

Section 4 – Assets

The internal financial controls for assets provide assurance in the ways described below that assets:

1. can be identified
2. are secure
3. are adequately insured
4. are accurately counted and reconciled and recorded
5. are accurately recorded in the charity’s accounting system
6. are used solely for the charity’s stated purpose

KMH(UK) has no fixed assets or investments.

Section 5 – General

KMH(UK) entrusts its operations in India to its sister trust, the Indian-registered KMHT(India), which it supports through regular financial grants. KMH(UK) recognises that the Indian operation takes place in a legal and social context that is very different from the UK, but at the same time it and they are clear that the policies contained in this document should apply and be observed *mutatis mutandis* in India just as if the operations were carried out in the UK. Appropriate monitoring and oversight are maintained in order to ensure this.

Signed for KMH(UK)*William Allberry*.....

Date24 June..... 2019

Signed for KMHT (India)*J. Jeyapaul*.....

Date24 June..... 2019