

Financial Control Policy

Policy statement

This policy applies to all trustees, other volunteers, employees, contractors, and third-party representatives of our charity. Its requirements should be reflected in other policies and procedures, agreements and contracts, as necessary.

Separation of Duties

No one person may both authorise and pay any payment or transfer. For example, an on-line banking payment or credit card transaction.

Conflict of Interest

No individual may:

- Authorise or make changes to his or her own pay or personnel entitlements or records, or.
- Make payments or enter into contracts with family members or organisations in which they have an interest, either directly or through a close family member.

Contracting

A robust contracting process is to be implemented with major contracts openly tendered, subject to board scrutiny and approval, and retendered every 3 to 5 years. Contracts and other agreements should be recorded in a simple contracts register and each reviewed annually to ensure these continue to meet the charity's needs and offer good value for money.

Budgeting

The Board is to scrutinise and approve an annual budget. The budget should include prudent income forecasts that have been tested to confirm that there is a reasonable expectation of securing the funding planned for.

Financial Reporting

Up to date financial reports should be submitted to the Board regularly. Reports should use simple clear English that all board members will be able to understand and.

- Explain the charity's current and likely future financial position.
- Focus on the key issues and risks, the action being taken to address these and the expected outcome.
- Highlight any significant deviations from budget or funding shortfalls.

Financial Management

Budget holders are to review financial reports, investigate any variances to budget/forecast and unusual or unexpected transactions that cannot be adequately explained and take appropriate action. Any significant issues should be reflected in reports to the Board.

Cash

- Cash is secured under lock and key.
- Access is restricted to those who need access.
- A cash limit is set that is within the insurance limit.
- Cash is not sent through the post.
- Cash and cheques are banked regularly, particularly if significant sums of cash are received.
- Cash is banked 'gross' – that is income is not netted off against other expenditure. All transactions must be recorded.
- Cash is kept separate from personal money and is never used for personal expenditure.
- Where significant sums are to be banked, two individuals escort the money and it is transported by car, not on foot. In the event of a robbery, the money is to be handed over without resistance.
- Cash payments are avoided wherever possible.

Banking

Bank Accounts. Bank, savings and any other form of investment are only to be opened with the written approval of the

Board

- The account is to be reconciled at least monthly.
- The bank reconciliation, statement, cashbook, chequebook and any other supporting documentation are cross checked.

Income

- Records of cash and cheques received agree with bank paying-in slips.
- The paying-in slips equate with the bank statements, both in terms of amount banked and date of credit; and
- All transfers or other direct payments into the bank can be identified and verified against paperwork.

Expenditure

Delegation of Authority

Each budget line should have a specific nominated budget holder who has the authority to approve expenditure against that budget. Expenditure may not be authorised beyond the limit of the delegated budget without appropriate approval by line management.

This may be sub delegated, subject to appropriate approval by line management. However, responsibility for all expenditure remains with the budget holder and, before delegating authority, he or she is to ensure that the individual to whom a delegation is made is issued with any necessary instructions and is competent.

Approval and Payment.

The prior approval of the CEO is required for any projects or proposals in excess of £10,000 that are not included in the business plan and funded in the budget and for any that will result in a budget being overspent. All expenditure must be properly authorised, represent good value for money and be on appropriate items or services. Delegations and any subsequent changes are to be issued in writing and clearly specify budget lines and limits.

Authorising officers are to check invoices received against orders and confirm that the goods or services have been received, are correctly priced, with any discounts or credit notes taken into account and sales tax (eg VAT) excluded if appropriate, before authorising payment.

The Finance staff are to check each invoice before payment. Any that have not been appropriately authorised should be rejected and remain the personal responsibility of the individual who incurred the expenditure.

Electronic Payments

Anyone able to make payments is to be made aware of basic cyber security steps, including the risk of online scams, including AI voice scams. These can very convincingly imitate a member of your charity but using text and video. The following may indicate that a call is scam:

- Voice message scam calls are not live so you might notice that they use generic language.
- Where the call is live, you may be able to spot a slight delay in response as the fraudster types their reply into the software and you may even hear the tap of the keyboard).
- Be suspicious of any call or voice message out of the blue, particularly if it is from an unknown number.

Use the following to verify any caller where you are being asked to divulge sensitive information or make a funding transfer. Follow the cyber security methods outlined above, plus these may be helpful:

- Verify who the caller is by asking a question that only the real person would know the answer to.

o For example, something discussed at a recent team meeting.

- If you are not sure, hang up and call the person back on the number you have stored for them.
- Consider creating a code word for you team that you can use to verify a caller.

Pay and Remuneration

Pay is the single biggest cost and, therefore, particular safeguards need to be put in place.

- Any proposals to increase staffing are to be submitted to Kate Doyle
- If used, time sheets should be properly completed and signed by line managers.
- The payroll schedule should be checked and signed each month by line management. For example, to check any changes have been authorised, the rates used are correct, and issues such as staff being paid twice or for amounts or items that would not be expected.
- The staff list should be reconciled to the payroll at random, but regular periods not exceeding 3 months.

Ensure that;

- Leave record system is in place and is properly up-to-date and maintained.
- Monitoring system for sick leave is in place and any excessive absences managed accordingly.
- Pay and personnel records should be kept separate.

Payment Procedures

Payments systems, such as cheque books, credit cards and on-line systems and passwords should be adequately safeguarded. Physical items, such as e banking encryption devices and cheque books should be kept under lock and key when not in use. Passwords should not be written down or shared and should be changed regularly and if compromised. Accounting IT systems should be routinely backed up and back-ups stored off site in case of fire.

Cheques should always be crossed, blank cheques never signed, and mandates restricted to only those who need to sign cheques. Credit card limits should be kept as low as possible.

Travel Expenses

Claims should be countersigned by the line manager to confirm that the journey was valid, undertaken and the amounts claimed were reasonable in the circumstances. Expenses claims are to be checked by Finance to ensure that the expenses policy has been complied with.

Novel and Contentious Expenditure. This is defined as follows:

- Novel - does not meet the letter of our regulations. That is, using a budget for a purpose for which it was not intended. For example, payment of a bonus to an individual, when there is no such provision in the pay policy. Or exceeding permissible limits. For example, payment of subsistence rates or class of hotel accommodation that exceed the limits in the expenses policy.
- Contentious - meets the letter of the relevant policy, but where the need for it or the cost involved may be questioned. For example, where subsistence has been approved within agreed limits, but alcohol or other inappropriate expenditure is claimed for.

Payment of any expenditure which may be novel or contentious requires the prior approval of the Board.

Assets

Fixed Assets and Equipment. Purchases of assets that have a life expectancy of, and will provide benefit for, more than one financial year may be treated as capital items and their value written down over the lifetime of the asset.

In general, the minimum value for an item to be treated as a capital asset is £x.

- A fixed asset register is maintained and reviewed annually.
- Items are allocated inventory codes and marked accordingly.
- Subsequent to the annual review, insurance cover is reviewed to prevent being under or over insured.
- Staff do not remove assets or items of equipment without prior approval.

Other Issues

Fraud/Bribery

If fraud is suspected, it is to be brought to the attention of Jermaine Laxmidas.

Losses

Any losses are to be investigated. The amount and circumstances of the loss are to be determined and, in particular, whether the loss arose from weaknesses in procedures and/or a failure to apply procedures correctly. Appropriate action is to be taken to ensure no further losses occur, arising from similar circumstances. The value of any item is to be at realisable value. Any loss must be approved for write off in line with the delegations from the Board. The loss is to be written off on the accounting system and the record of investigation and approval for write-off filed for audit purposes.

Records

- Records are to be retained in accordance with the documents policy. In particular, cashbooks and other prime books of account are retained for 7 years and supporting vouchers for 18 months.
- A secure archive is identified, and records kept under lock and key.
- The archive is organised to enable records to be easily identified and retrieved.

Experience and Training

- On appointment, appropriate work references are taken up and qualification certificates checked.
- Staff are competent and properly trained to carry out their duties in relation to finance.
- Staff are made aware of relevant financial policies on appointment and those with financial responsibilities are briefed by the finance team as part of their induction process.
- Relevant financial policy requirements are included in the Staff Handbook and job descriptions.
- That this and other guidance is readily available to staff and brought to their attention.

IT and Online Security

- Security software, such as anti-virus and firewalls, are to be kept up-to-date, preferably by automatic renewal.
- There are effective controls for authorising and managing access.
- Software updates are installed promptly.
- Passwords are strong, not shared and changed regularly.
- Data is remotely backed-up on a regular basis.
- There are disaster recovery procedures that would restore data quickly and fully enough; these have been tested.
- No sensitive financial information is to be entered into Large Language Model AI systems, such as ChatGPT or Gemini.
- Financial information, including back-ups, stored on shared drives is accessible only to those who need to have access to it.
- Adequate security procedures are in place for online purchasing.
- Staff and volunteers are aware of what they need to do (and not do) to maintain online security.

On leaving the organisation, an individual's accounts are to be disabled.