

Cultural Purbeck CIC

Financial Controls and Procedures Policy

Policy issue date June 2026; Policy review date June 2027.

1. Purpose

The purpose of this policy is to ensure that Cultural Purbeck CIC manages its finances with integrity, transparency, and accountability. It establishes clear controls to safeguard the organisation's assets, ensure proper use of public and charitable funds, and support effective decision-making by the Board.

This policy applies to all Directors/Trustees of Cultural Purbeck CIC, Project and other Leads appointed by the Board, volunteers, and contractors involved in financial activity on behalf of Cultural Purbeck CIC.

2. Principles

Cultural Purbeck CIC operates according to the following financial principles:

- **Stewardship** — All funds are held for public benefit and must be used solely to advance the CIC's community interest objectives.
- **Transparency** — Financial decisions and records must be open to scrutiny by the Board, members, funders, and regulators.
- **Accountability** — Clear lines of responsibility ensure that no individual has sole control over any financial transaction.
- **Proportionality** — Controls are appropriate to the size, risk profile, and growth trajectory of the CIC.
- **Compliance** — All financial activity must comply with UK company law, HMRC requirements, funder conditions, and CIC Regulator guidance.

3. Roles and Responsibilities

3.1 Board of Directors/Trustees of Cultural Purbeck CIC

The Board is collectively responsible for:

- Approving the annual budget and financial strategy.
- Monitoring financial performance and risk.
- Approving expenditure above delegated limits.
- Ensuring compliance with statutory reporting requirements.
- Appointing an independent examiner or auditor if required.

3.2 Treasurer/ Finance Lead

The Treasurer is responsible for:

- Overseeing day-to-day financial management.
- Preparing management accounts and cashflow forecasts.
- Ensuring controls are followed and reporting any breaches.
- Supporting the Board to understand financial risks and opportunities.

3.3 Project and other Leads appointed by the Board

Responsible for:

- Authorising expenditure within delegated limits.
- Maintaining accurate financial records for projects.
- Ensuring funder conditions are met.

3.4 Administrator / Bookkeeper

Responsible for:

- Processing payments, invoices, and receipts.
- Maintaining accounting systems and documentation.
- Preparing draft reports for the Treasurer.

3.5 All Contractors and Volunteers

Must:

- Follow this policy and related procedures.
- Report concerns or irregularities immediately.

4. Banking and Cash Management

4.1 Bank Accounts

- Cultural Purbeck CIC will maintain a **community business bank account** in its own name.
- All bank accounts must be approved by the Board.
- Online banking will be used with **dual authorisation** for all payments.

4.2 Signatories

- A minimum of **three Directors** will be registered as bank signatories.
- **Signatures of two Directors** are required for all payments, including online transactions.
- Contractors or volunteers may not be signatories.

4.3 Cash Handling

Cultural Purbeck CIC aims to operate **cash-free** wherever possible. Where cash is unavoidable (e.g., event donations):

- Cash must be counted by **two people**, recorded, and banked promptly.
- Unless unavoidable, cash must never be stored in personal vehicles or in personal or public premises.

5. Income Management

5.1 Invoicing and Receipts

- All income must be recorded in the accounting system.
- Invoices must be issued promptly and monitored for payment.
- Receipts must be provided for all donations or cash received.

5.2 Grants and Restricted Funds

- Restricted funds must be tracked separately.
- Expenditure must comply with funder conditions.
- Reports to funders must be accurate, timely, and approved by the Treasurer.

5.3 Membership Income

- Membership fees, if they exist, must be recorded against individual member records.
- Refunds must follow the CIC's membership policy.

6. Expenditure Controls

6.1 Delegated Authority

- Up to £150 — Project Leads or other Leads appointed by the Board of Directors.
- £150–£500 — Treasurer or Chair.
- Over £500 — Full Board approval.
- All expenditure must be supported by receipts or invoices.

6.2 Procurement

- Purchases over **£1,000** require **three quotes** unless impractical.
- Conflicts of interest must be declared and managed.
- Contracts must be approved by the Board.

6.3 Payments

- Payments must be supported by documentation (invoice, contract, purchase order).
- Payments must be authorised by two signatories.
- No individual may authorise a payment to themselves.

6.4 Expenses

- Contractors, volunteers, Directors and Leads appointed by the Board may claim reasonable expenses.
- Claims must be submitted within 30 days with receipts.
- Mileage reimbursed at HMRC rates.

7. Freelancers and Contractors of Cultural Purbeck CIC

- Must have a written agreement specifying deliverables and fees.
- IR35 status must be assessed.
- Payments made only on receipt of invoice and confirmation of work completed.

8. Financial Reporting

8.1 Management Accounts

- Produced quarterly (or monthly during major projects).
- Include income/expenditure, cashflow, and budget variance.
- Reviewed by the Board at each meeting.

8.2 Annual Accounts

- Prepared in accordance with Companies Act requirements.
- Approved by the Board before submission to Companies House and the CIC Regulator.
- Published on the CIC website for transparency.

8.3 Reserves

- Cultural Purbeck CIC aims to build a **minimum reserve of three months' operating costs**.
- Use of reserves requires Board approval.

9. Asset and Equipment Controls

- A fixed asset register will be maintained for items over £150.
- Equipment must be used only for CIC purposes unless otherwise authorised.
- Loss or damage must be reported immediately.

10. Fraud, Irregularity, and Whistleblowing

- Any suspected fraud, theft, or financial irregularity must be reported to the Chair or Treasurer immediately.
- The Board will investigate and take appropriate action, including reporting to funders, insurers, or regulators.
- Whistleblowers will be protected under the CIC's Whistleblowing Policy.

11. Document Retention

- Financial records must be kept for **six years**.
- Digital copies are acceptable if legible and secure.
- Access to financial records must be restricted to authorised personnel.

12. Review

This policy will be reviewed annually by the Board or sooner if required by changes in legislation, funder requirements, or organisational growth.