

# Internal Financial Controls Policy

February 2023



## Internal Financial Controls Policy

### 1. Introduction

Financial records will be kept so that the Charity can:

- a. Meet its legal and other obligations, e.g. Charities Acts
- b. Enable the trustees to be in proper financial control of the Charity.
- c. Enable the Charity to meet the contractual obligations and requirements of funders.

The Charity will keep a proper accounting system, which will include:

- a. A cashbook analysing all the transactions in the Charity's bank account(s). This may be a computer package, excel or paper.
- b. A petty cash book if cash payments are being made.

The financial year will end on the 31st March each year.

Accounts will be drawn up after each financial year within five months of the end of the year and presented to the next Annual General Meeting.

Prior to the start of each financial year, the trustees will approve a budgeted income and expenditure account for the following year.

A report comparing actual income and expenditure with the budget will be presented to the trustees every three months.

The AGM will appoint an appropriately qualified independent examiner to examine the accounts for presentation to the next AGM, filing with the Charity Commission when the appropriate threshold is exceeded and if appropriate filing with Companies House.

### 2. Banking

Lowdham FLAG will bank with Virgin Money plc and accounts will be held in the name of the charity. The Trustees may open other accounts to hold positive balances depending on services offered and interest rates.

The bank mandate (list of people who can sign cheques or authorise electronic payments on the organisations behalf) will always be approved and minuted by the trustees, as will all the changes to it.

The charity will require the bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system at least every three months. If only electronic statements are available they will be printed off and filed every month.

The charity will not use any bank or financial institution for overdraft facilities or loans without the agreement of the trustees.

### 3. Receipts

All monies received will be recorded promptly in the bookkeeping system and banked without delay. The Charity will maintain files of documentation to back this up.

The Charity will keep a record of aged debtors and contact debtors every month.

#### 4. Internet Purchases

When purchases are made over the internet the charity will ensure that only well known bona-fide sites are used for purchasing and that they have appropriate security as illustrated by a lock padlock in the bottom right hand side of the screen when a payment is being made. Such purchases will be properly authorised in a similar way to other purchases.

#### 5. Payments

The aim is to ensure that all expenditure is on the charity's business and is properly authorised and that this can be demonstrated.

The Hon.Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.

Blank cheques will NEVER be signed.

The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed.

No cheques should be signed without original documentation (see below).

#### 6. Electronic banking.

The Hon Treasurer will be able to access the electronic banking system for the purposes of putting transactions onto the system for assessing bank statements.

The Hon Treasurer will check that purchases have been properly authorised and when appropriate there is evidence that goods in good condition or proper services have been received.

Authorisation from two signatories will be required for each payment. These can be in the form of email authorisations. One of these signatures can be the Hon.Treasurer. Payments over £500 require authorisation by the majority of Trustees – which can be obtained at a meeting or by email. Once this authorisation has been obtained the Hon Treasurer can make payments on the electronic banking system.

#### 7. Payment documentation

Every payment out of the Charity's bank accounts will be evidenced by an original invoice (never against a supplier's statement or final demand).

Expenses / allowances. The Charity will, if asked, reimburse expenditure paid for personally by trustees providing expenditure is evidenced by original receipts.

#### 8. Other undertakings

The Charity does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given, the financial consequences of which are, prima facie, likely to exceed in total £500, must be authorised and minuted by the trustees.

All fundraising and grant applications made on behalf of the organisation will be done in the name of the Charity with the prior approval of the trustees or in urgent situations the approval of the Chairperson who will provide full details to the next trustee's meeting.

Copies of grant application will be kept and available to trustees on request. When bids are made using internet portals electronic or paper copies of the bid will be kept.

Any grant acceptance documentation exceeding £1,000 will be brought to the trustee's attention for approval. In urgent situations this may be by e-mail to all trustees.

| Date | Changes made | Review date |
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